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Water Industry Rules

Industry Rule 1. Additional Definitions

In addition to the definitions in General Rules 3 to 3.16, the following definitions apply to the defined terms, which will appear with the initial letter capitalized when used in these Industry Rules.

1.1 Balancing Account (see Public Utilities (Pub. Util.) Code Sec. 792.5)

A deferred charge or credit account approved by the Commission for recovery or refund, as described in the Utility's preliminary statement (see General Rule 8.5.3).

1.2 Class A, Class B, Class C, Class D (see Decision (D.) 85-04-076)

A Utility is designated Class A if it serves over 10,000 service connections, Class B if it serves 2,001 through 10,000 service connections, Class C if it serves 501 through 2,000 service connections, and Class D if it serves no more than 500 service connections.

1.3 Compliance Advice Letter

An advice letter requesting approval of the utility's proposed implementation of a specific requirement in a statute or Commission order. Typically, a Compliance Advice Letter requests that tariff changes attached to a decision or resolution be made effective.

1.4 Contact Person

A person identified on the title page of a Utility's tariffs as the Utility's authorized representative for all rate and service quality matters.

1.5 Contract

An agreement between a Utility and a developer or customer to provide service under rates or conditions not offered in the Utility's tariffs or standard form contracts.

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1.6 Industry Rule

An Industry Rule contained in these Industry Rules, as set forth in General Order 96-B or its successor.

1.7 Informal General Rate Case (see D.92-03-093)

A general rate case for a Class B, Class C, or Class D Utility that is requested by advice letter rather than by formal application.

1.8 Memorandum Account (see D.85-04-076)

A deferred charge or credit account authorized by the Commission but not approved for recovery or refund, as described in the Utility's preliminary statement (see General Rule 8.5.3).

1.9 Staff

The Water Division (or its successor).

1.10 Standard Practice

A Water Division document that provides procedural guidelines (1) to the public and Utilities for preparing, and for submitting for review by the Water Division, various documents, including formal applications and advice letters, and (2) to Staff for reviewing such documents and creating Water Division work products. Copies of Standard Practices are available on request from the Water Division and are published on the Commission's Internet site.

1.11 Utility

A public Utility that is a water corporation (see Pub. Util. Code Sec. 241) or a sewer system corporation (see Pub. Util. Code Sec. 230.6).

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1.12 Weather-Normalized Means Test (Pro-Forma Test) (see D.94-06-033)

A procedure that tests the adjusted revenues of a Utility to see if it is already realizing a Commission-authorized revenue increase (see Standard Practice U-17-W).

Industry Rule 2. Submitting Advice Letters, Information-only Filings

A Utility may use any one of the following procedures when submitting its advice letter (General Rule 7.1) or information-only filing (General Rule 6.1) to the Water Division:

- (1) Submit the document in person, by delivery service, or by mail to the Water Division, Room 3102, State Building, 505 Van Ness Ave., San Francisco, CA 94102-3298;
- (2) Submit the document by facsimile to (415) 703-4426 (703-4H2O); or
- (3) Submit the document by electronic mail to water_division@cpuc.ca.gov.

The above procedures also apply to submittal of documents pertaining to an advice letter, e.g., a protest, response, reply, or supplement.

A Utility submitting an advice letter shall provide an original and five copies. A Utility submitting an information-only filing shall provide an original and one copy.

Industry Rule 3. Methods of Customer Notice (see General Rule 4.2)

3.1 Method of Notice for Advice Letter Increasing Rates

A Utility shall give notice by bill insert or by separate mailing of an advice letter requesting approval of a more restrictive term or condition, or of a rate or charge increase, except that if the requested revenue increase is less than ten percent of the revenue requirement last authorized for the Utility (or district of the Utility for which the increase is requested), the Utility may give notice of the

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requested increase by publishing a legal notice in a newspaper of local circulation or, if no such newspaper exists, by posting notice prominently in an area in which customers normally gather. Mailed notice should be provided, whenever possible, to the customer's permanent mailing address if a Utility serves a high percentage of vacation homes.

Staff will create the notice of an Informal General Rate Case advice letter and provide the notice to the Utility for distribution by bill insert or special mailing.

3.2 Method of Notice for Compliance Advice Letter

Normally, notice to customers of a Compliance Advice Letter need not be provided; however, for a Compliance Advice Letter submitted in an Informal General Rate Case, the Utility shall give notice using the form provided by the Water Division (see Standard Practice U-9-W).

3.3 Other Required Notice

In addition to the notice required by General Rule 4.2 and Industry Rule 3.1, a Class A Utility shall publish at its Internet site the notice and contents of each advice letter it has submitted whose disposition is pending. For a particular advice letter, the Director of the Water Division may require a Utility to give notice to other persons, or by other means, in addition to those specified in these Industry Rules.

Industry Rule 4. Serving Advice Letters (see General Rules 4.3, 7.2)

At the option of the recipient, the Utility shall serve the entire advice letter, tariffs and workpapers; the advice letter and tariffs; or just the cover sheet (see General Rule 5.5, Exhibit A to these Industry Rules). Except as provided in Industry Rule 4.1, service of one copy of an advice letter shall be without charge.

4.1 Advice Letters Generally

When submitting any advice letter, the Utility shall serve it on the following persons:

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- (1) customers, developers, municipalities, counties, and other governmental agencies, in or partially in the service area(s) affected, who have requested a particular advice letter or have requested inclusion on the Utility's advice letter service list (see General Rule 4.3);
- (2) adjacent Utilities (including, for purposes of this Industry Rule, publicly-owned utilities); and
- (3) other interested persons, such as parties of record in a related proceeding or persons having a specific interest in the advice letter.

4.2 Service Area Extension (see Industry Rule 8.1)

When submitting an advice letter for service area extension, the Utility shall serve it on the Local Agency Formation Commission (LAFCO) for each county in which service will be extended, and on each owner of real property, local fire protection agency, and subdivision permitting agency in the area in which service will be extended.

4.3 Contract or Other Deviation (see Industry Rule 8.3)

When submitting an advice letter for Contract or other deviation, the Utility shall also serve it on each customer for whom the Contract or other deviation is proposed. The advice letter shall state that the customer may object to it or seek a modification by submitting a protest.

4.4 Withdrawal or Withholding of Service (see Industry Rule 8.7)

When submitting an advice letter for withdrawal or withholding of service, the Utility shall also serve it on each owner of real property in the affected area.

Industry Rule 5. Tariff Sheet Numbering (see General Rule 8.4)

At the Utility's option, the numbers for new tariff sheets may be left blank, in which case staff will assign sheet numbers. A multiple-service Utility shall use the appropriate designator (SS for Sewer System, W for Water) as a suffix to the sheet number.

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Industry Rule 6. Advice Letter Supplements (see General Rule 7.5.1)

A change to a pending advice letter that is necessary to correct minor errors, or a minor editorial change to the text, may be made by a supplement. A change that results in a higher revenue requirement, or greater diminution of service, from that noticed in the original advice letter must be made by a new advice letter.

Industry Rule 7. Disposition of Advice Letters

7.1 Initial Review

If an advice letter (including its cover sheet) is incomplete (see General Rules 5.5, 5.6), Staff will so inform the Utility and may either delay filing until corrections are made or return the advice letter without filing. If filed, one copy of the advice letter and tariff sheets will be returned to the Utility, stamped with the date of filing.

7.2 Effective Date (see General Rules 7.3, 7.3.1, 7.3.2, 7.3.4, 7.3.5)

The following provisions vary the otherwise applicable General Rules.

- (1) A Compliance Advice Letter will become effective as specified in the applicable resolution or decision, or if not specified, five days after the date of filing.
- (2) Upon request and justification by the Utility, Staff may allow a ministerial tier advice letter to be made effective, subject to refund, in less than 30 days.
- (3) An advice letter that is an Informal General Rate Case will become effective as provided in the Service Guarantee Plan (Standard Practice U-9-W).

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7.3 Tier Classifications for Advice Letters

Water and sewer system advice letters are classified as ministerial tier or discretionary tier for purposes of review and disposition, as shown below.

7.3.1 Ministerial Tier

The following advice letters are classified as ministerial, and are generally subject to approval or rejection by Staff pursuant to General Rule 7.6.1:

- (1) Acquisition of mutual or municipal water company (see D.99-10-064)
- (2) Attrition filing (Weather-Normalized Means Test required)
- (3) Balancing Account offset (see Industry Rule 8.5)
- (4) Change to sample forms (see General Rule 8.5.8)
- (5) Compliance with statute, decision, or resolution
- (6) Consumer Price Index (CPI) offset
- (7) Contract or other deviation (or tariff sheets providing service to a single customer) (see Industry Rule 8.3)
- (8) Decrease in rates
- (9) Department of Health Services (DHS) fee offset
- (10) Expense offset (see Industry Rule 8.4)
- (11) New service offering
- (12) Recycled water service (as provided in Industry Rule 8.6)
- (13) Request for similar treatment (as provided in Industry Rule 8.2)

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- (14) Service extension into contiguous area or within city in which the Utility already provides service (see Industry Rule 8.1)
- (15) Step rate filing (Weather-Normalized Means Test required)
- (16) Transfer of ownership interest pursuant to Pub. Util. Code Sec. 853(c)
- (17) Withdrawal of tariff schedule that has no customers

7.3.2 Discretionary Tier

The following advice letters are classified as discretionary, and generally will be disposed of by Commission resolution pursuant to General Rule 7.6.2:

- (1) Change in ownership or control due to court proceeding, other than transfer of ownership pursuant to Pub. Util. Code Sec. 853(c) (see Industry Rule 7.3.1(16))
- (2) Change to Commission resolution
- (3) Closing tariff schedule to new customers
- (4) Informal General Rate Case
- (5) Loan approval or stock sale permission request by Class C or Class D Utility (see D.93-11-066)
- (6) Memorandum Account offset (see Standard Practice U-27-W)
- (7) New Memorandum Account request
- (8) Rate base offset (requires prior Commission approval for Class A Utility; Class B, Class C, or Class D Utility may request approval and recovery by advice letter)
- (9) Revocation of certificate of public convenience and necessity due to abandonment or sale to municipality or special district

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- (10) Transfer of ownership of inadequately operated and maintained Class C or Class D water Utility (see D.99-10-064)
- (11) Pass-through of additional taxes imposed on Utility
- (12) Withdrawal or withholding of service (see Industry Rule 8.7)
- (13) Service to a government agency pursuant to General Rule 8.2.3
- (14) A matter appropriate to advice letter but not subject to approval or rejection under Industry Rule 7.3.1

Industry Rule 8. Procedures for Specific Types of Advice Letters

8.1 Service Extension into Contiguous or Other Area (see Pub. Util. Code Secs. 1001, 2709, 8202; Industry Rules 4.2, 7.3.1(14))

A service area extension is into a contiguous area for purposes of this Industry Rule if (1) the distance between the existing service area and the new area does not exceed 2,000 feet at the points of closest proximity, or (2) service will be provided by the extension of line, plant, or system from the Utility's existing service area. If entirely separate sources of supply and distribution are used in the new area, and the separation is over 2,000 feet, the extension is not contiguous, and the Utility must seek authority by means of a formal application to serve the new area.

At least 30 days before (1) commencing service in an area within a city in which the Utility is already providing service, (2) extending service to a contiguous area, or (3) taking ownership of a mutual or municipal water company, the Utility shall submit a service area map delineating the added area, and proof that an adequate water supply exists. (See Standard Practice U-16-W.)

8.2 Request for Similar Treatment (see Industry Rule 7.3.1(13))

A Utility may submit an advice letter requesting approval, authorization, or other relief similar to that accorded another Utility by Commission order. The advice letter shall cite each decision or resolution relied upon, and shall demonstrate that the Utility submitting the advice letter is similarly situated in all

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material respects, and is requesting the same relief and relying on the same justification as in the cited order(s).

8.3 Contract or Other Deviation (see Pub. Util. Code Secs. 532, 2712; General Rule 8.5.6; Industry Rules 4.3, 7.3.1(7))

After entering into a Contract or other deviation, but at least 30 days before the effective date of the rate or service, the Utility shall submit an advice letter requesting approval and updating its list of Contracts and other deviations.

Each Contract shall contain substantially the following provisions:

- (1) "This Contract may not become effective until it is approved by the California Public Utilities Commission"; and
- (2) "This Contract at all times shall be subject to such modifications as the California Public Utilities Commission may direct from time to time in the exercise of its jurisdiction."

A customer may protest an advice letter in which a Utility seeks approval of a Contract or other deviation for the purpose of providing service to that customer. Such protest, if it only concerns a rate or charge under the Contract or other deviation, may include a request for service pending disposition of the advice letter. Alternatively, in that situation, the Utility may request to provide service pending disposition of the advice letter. Staff will approve the request for service unless, based either on another protest or Staff's own analysis, Staff finds that there is a substantial issue that should be resolved before service is provided; however, if Staff approves the request, Staff will require the customer, as a condition of such service, to deposit with the Commission the sum(s) of money in dispute pending disposition of the advice letter.

8.4 Expense Offset (see Industry Rule 7.3.1(10))

When a Utility knows that an expense subject to offset is likely to change in the future, it shall submit an advice letter for a concurrent change in rates. When an expense subject to offset changes without warning, the affected Utility shall submit an advice letter within 60 days of the change seeking to adjust the rates accordingly.

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8.5 Balancing Account Offset (see Industry Rule 7.3.1(3))

A Utility shall promptly submit an advice letter seeking to offset an over- or under-collected balancing account when the balance exceeds two percent of the most recent annual report revenue for the Utility (or district of the Utility). An over-collection shall be refunded as soon as possible by crediting the service charge. An under-collection shall be recovered within one year by a surcharge on the service charge or commodity charge, as appropriate (see Standard Practice U-15-W). A Utility may not request recovery for an under-collection that is over three years old.

8.6 Recycled Water (see Pub. Util. Code Sec. 455.1; Industry Rule 7.3.1(12))

If an advice letter requesting an initial rate or a rate increase for recycled water service is protested, the matter shall be set for hearing, the tariff schedules shall become effective, subject to refund, 30 days after the date of filing, and the Commission will dispose of the advice letter by resolution. If Staff requests additional information from the Utility, and if the Utility appropriately supplements the advice letter within 10 days of receiving Staff's request, the tariff schedules in the supplement shall become effective, subject to refund, five days after the date of filing of the supplement, and the Commission will dispose of the advice letter by resolution.

8.7 Withdrawal or Withholding of Service (see Pub. Util. Code Secs. 2708, 2710, 2711; Industry Rule 7.3.2(12))

A Utility shall provide service to any person in its service area on demand, in accordance with its tariffs; however, if a water shortage exists, or if the Department of Health Services has imposed a building permit moratorium, or if other good cause requires, the Utility shall submit an advice letter requesting either (1) approval to withdraw service from all or part of its service area (including a new service area map), or (2) Commission imposition of a service connection moratorium and Commission authorization before withholding service.

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8.8 Service to Government Agency (see General Rule 8.2.3; Industry Rule 7.3.2(13))

An advice letter to provide service to a government agency pursuant to General Rule 8.2.3 may be designated by the Utility as effective pending disposition of the advice letter.

Industry Rule 9. Tariff Publication, Format

Each Class A Utility shall be subject to the Internet publication requirements of General Rule 8.1.2.

9.1 Tariff Schedules

Water Rate Schedules shall have the format shown in Exhibit D. These schedules shall be numbered and printed in the following order, as appropriate, for each of the Utility's districts:

- (1) General Metered Service
- (2) Flat Rate Service
- (3) Irrigation Service
- (4) Fire Sprinkler Service
- (5) Private Fire Protection Service (see Pub. Util. Code Sec. 2713 (b))
- (6) Recycled Water Service
- (7) Construction and Other Temporary Metered Service
- (8) Service to Employees
- (9) Water Conservation Plan

The above schedules shall be followed or preceded by schedules applicable to multiple districts such as:

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UF—Surcharge to fund Public Utilities Commission Reimbursement Fee

LC—Late Payment Charge

FF—Facilities Fees

Sewer System Rate Schedules shall be numbered and printed in the following order, for each of the Utility's districts:

(1) Sewer Service or General Residential Service

(2) Commercial and Industrial Service

The above schedules shall be followed or preceded by schedules applicable to multiple districts such as:

UF—Surcharge to Fund Public Utilities Commission Reimbursement Fee

LC—Late Payment Charge

Tariff sheets may not contain marks or alterations unless approved by staff. Only one side of a sheet may be used.

9.2 Tariff Rules (see General Rule 8.5.7)

A Utility shall include in its tariffs, following the tariff rules specified in General Rule 8.5.7, these additional tariff rules, numbered as follows:

Tariff Rule 17: Standards for Measurement of Service—Method of measuring, accuracy limits

Tariff Rule 18: Meter Tests and Adjustment of Bills for Meter Error—Specification of conditions, fees, and frequency of tests

Tariff Rule 19:

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For Water Utilities: Supply to Separate Premises and Multiple
Units—Separate metering on separate premises

For Sewer System Utilities: Resale of (Sewer) Service—Conditions
for resale

Tariff Rule 20:

For Water Utilities: Water Conservation—Use of water- saving
devices, provision of free water-saving kits

For Sewer System Utilities: Limitation on Wastes Discharged into
the Utility's Sewer System—Items that may not be disposed of
through the sewer system

Tariff Rule 21:

For Water Utilities: Fire Protection—General rules for fire protection
service

For Sewer System Utilities: Commercial, Institutional and Industrial
Wastes—Notice of waste discharge and preliminary treatment

Exhibit A
Example Cover Sheet

CALIFORNIA PUBLIC UTILITIES COMMISSION

WATER AND SEWER SYSTEM UTILITY
 ADVICE LETTER COVER SHEET

MUST BE COMPLETED BY UTILITY

Company name: _____	
Utility type: <input type="checkbox"/> Water <input type="checkbox"/> Sewer System	CPUC Utility #: U-_____
Contact Person: _____	Phone #: (_____) _____
e-mail address: _____	FAX #: _____

(Date Filed/Received Stamp by CPUC)

AL #: _____ Type of AL: ☐ Ministerial ☐ Discretionary

Authorization for filing (e.g., decision, resolution, legislation #): _____

Requested effective date: _____ Number of tariff sheets: _____

Estimate annual revenue impact: \$_____ (Applicable only if a GENERAL RATE CASE)

Tariff schedules affected: _____

Subject of AL: _____

Customer privacy implications: ☐ Yes. If yes, please explain in advice letter. ☐ No

FOR CPUC OFFICE USE ONLY

<input type="checkbox"/> No Resolution Required (Analysis attached)	Assigned Supv/Analyst: _____/_____
<input type="checkbox"/> Resolution Required (Draft attached)	AL Due Date: _____
_____ To Supervisor	Due to Supv: _____
_____ To Branch Chief	Analyst Completion Date: _____
_____ To Director	Supv. Review Date: _____
_____ To Commissioner's Office	AL/Tariff Effective Date: _____
<input type="checkbox"/> Executive Action Resolution	Notes: _____
Resolution #: <input type="checkbox"/> W, <input type="checkbox"/> SS _____	

Exhibit B
Example Title Page

REGULATED WATER COMPANY
(U456W)

Revised

Cal. P.U.C. Sheet No. 123-W

Gamma, California

Canceling Revised

Cal. P.U.C. Sheet No. 101-W

TARIFF SCHEDULES

Applicable To

WATER SERVICE

including

Rates and Rules
Affecting Rates and Services

of

REGULATED WATER COMPANY (T)

(Name of Utility)

456 West Delta Street, Post Office Box 123, Gamma, CA 91234

(Mailing Address)

(T)

Operating In or Near

Gamma, Gamma County, Calif.

(City or Town and County)

Contact Person: Mr. or Mrs. Roger W. Regulated

Telephone No. _____

e-mail address: _____

(Mailing Address if different from above)

The following tariff schedules encompassing Rates and Rules have been regularly filed with the Public Utilities Commission of the State of California and are the effective rates and rules of this Utility.

No officer, inspector, solicitor, agent or employee of the Utility has any authority to waive, alter or amend these tariff schedules or any part thereof in any respect.

(To be inserted by utility)

Issued by

(To be inserted by Cal. P.U.C.)

Advice No. 123

Roger W. Regulated

Date Filed Jan 01 1999

Chief Financial

Effective Jan 06 1999

Dec. No. D.98-12-023

Officer & Treasurer

Resolution No. W-9999

TITLE

Exhibit C
Example Preliminary Statement

REGULATED WATER COMPANY
 (U456W)

Original

Cal. P.U.C. Sheet No. 39-W

Gamma, California

Canceling

Cal. P.U.C. Sheet No. _____

PRELIMINARY STATEMENT

(Continued)

G. CATASTROPHIC EVENT MEMORANDUM ACCOUNT (CEMA):

1. PURPOSE: The purpose of the CEMA is to recover the costs associated with the restoration of service and Regulated Water Co. facilities affected by a catastrophic event declared a disaster or state of emergency by competent federal or state authorities. The balance in the CEMA will be recovered in rates after CPUC review and audit of the recorded CEMA balance. The authority to establish this account was granted in CPUC Resolution E-3238, dated July 24, 1991 and Public Utilities Code Section 454.9.

Should a disaster occur, Regulated Water Co. will inform the Executive Director of the CPUC by letter within 30 days after the catastrophic event that Regulated Water Co. has started booking costs in the CEMA.

2. ACCOUNTING PROCEDURE:

Regulated Water Company (RWC) may maintain a memorandum account for its expenses and other recovery/reimbursements in connection with a catastrophic event as defined in Section 454.9. These expenses must be additional or incremental to those allowed in RWC's last general rate case proceeding. RWC shall make entries to this account at the end of each month as follows:

- a. Debit entries equal to the incremental or additional amounts recorded in RWC's operations and maintenance and administrative and general expense accounts that were incurred as a result of the catastrophe.
- b. Debit entries equal to the depreciation and/or amortization amounts of new or replacement utility plant installed to continue the provision of uninterrupted services to customers.
- c. Debit entries equal to the return on investment on the average monthly balance of new or replacement utility plant installed in (b) above.
- d. Credit entries equal to the proceeds reimbursed by the utility's insurance covering such events.
- e. Credit or debit entries to transfer all or a portion of the balance in this memorandum account to other adjustment clauses for future rate recovery, as may be approved by the Commission.

In addition, the water utility shall file an advice letter to the Commission detailing any utility plant retired from service and the proposed rate making treatment for such plant.

(To be inserted by utility)

Issued by

(To be inserted by Cal. P.U.C.)

Advice No. 123

Roger W. Regulated

Date Filed Feb 15 1999

Vice President

Effective Mar 14 1999

Dec. No. D.98-12-023

Regulatory Affairs

Resolution No. W-9999

TITLE

Exhibit D
Example Rate Schedule

REGULATED WATER COMPANY
 (U456W)
 Gamma, California

Revised Cal. P.U.C. Sheet No. 121-W

Canceling Original Cal. P.U.C. Sheet No. 8-W

Schedule No. 1

GENERAL METERED SERVICE

APPLICABILITY

Applicable to general metered water service.

TERRITORY

The city of Gamma and contiguous territory in the County of Gamma.

RATES

Quantity Rates:

Per 100 cu. ft..... \$1.00

Service Charge

Per Meter Per Month

For 5/8 x 3/4-inch meter.....	\$ 1.00	(I)
For 3/4-inch meter.....	1.50	
For 1-inch meter.....	2.50	
For 1-1/2-inch meter.....	5.00	
For 2-inch meter.....	8.00	
For 3-inch meter.....	15.00	
For 4-inch meter.....	25.00	
For 6-inch meter.....	50.00	
For 8-inch meter.....	80.00	
For 10-inch meter.....	115.00	
For 12 inch meter.....	165.00	
For 14-inch meter.....	225.00	(I)

The service charge is a readiness-to-serve charge which is applicable to all metered service and to which is added the charge for water used computed at the Quantity Rates.

SPECIAL CONDITION

1. Due to the gain on sale of property, a flat surcredit of \$0.10 per service connection per month is to be subtracted from the bill for thirty-six billing cycles commencing with billing cycle one on April 3, 1999.

(continued)

(To be inserted by utility)

Issued by

(To be inserted by Cal. P.U.C.)

Advice No. 123

Roger W. Regulated

Date Filed Feb 15 1999

Vice President

Effective Mar 14 1999

Dec. No. D.98-12-023

Regulatory Affairs

Resolution No. W-9999

TITLE

(END OF APPENDIX D)